

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-338-E - ORDER NO. 2012-287

APRIL 17, 2012

IN RE:	Application of Duke Energy Carolinas, LLC)	ORDER GRANTING
	for Authorization Under Article 13, Chapter)	AUTHORITY TO ISSUE
	27 of Title 58 of the Code of Laws of South)	AND SELL SECURITIES
	Carolina (1976, As Amended), to Issue and)	
	Sell Securities)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) upon an Application from Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or the “Company”) for an order approving the Company’s request for prior approval to issue and sell a maximum of \$2,000,000,000 aggregate principal amount of securities in the manner described in the Application (“Application”). Duke Energy Carolinas’ Application was filed on March 23, 2012.

Duke Energy Carolinas served its Application on the South Carolina Office of Regulatory Staff (“ORS”). Also, ORS informed this Commission by correspondence dated April 5, 2012, that it had no objection to the request.

Based on the verified Application, exhibits and the Commission’s entire files, the Commission states as follows:

FINDINGS OF FACT

1. The Company is a limited liability company duly organized and existing under the laws of the State of North Carolina. It is duly authorized by its governing documents and the law of this State to engage in the business of

generating, transmitting, distributing and selling electric power and energy. It is a public utility under the laws of South Carolina, and its operations in this State are subject to the jurisdiction of this Commission. It is also a public utility under the laws of the State of North Carolina and is subject to the jurisdiction of the North Carolina Utilities Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is a wholly owned subsidiary of Duke Energy Corporation, which is a holding company headquartered in Charlotte, North Carolina. Duke Energy Corporation wholly owns three other electric utility subsidiaries, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc. In addition, Duke Energy owns various nonregulated energy businesses primarily in the U.S. and Latin America.

2. The Company proposes, pursuant to its Application in this Docket, to issue and sell from time to time a maximum of \$2,000,000,000 aggregate principal amount of all or any combination of the following (collectively, the “Proposed Securities”):

- (i) Long-Term Debt Securities (“Proposed Debt Securities”)

The Proposed Debt Securities may be unsecured debt instruments or First and Refunding Mortgage Bonds. To the extent the Proposed Debt Securities are Senior Notes, they will be created and issued under the Senior Indenture to the Bank of New York, as

Trustee, dated as of September 1, 1998, as heretofore supplemented or as further supplemented by a supplemental indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are Subordinated Notes, they will be created and issued under the Company's Subordinated Indenture to the Bank of New York, as Trustee, dated as of December 1, 1997, as heretofore supplemented or as further supplemented by a supplemental indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are the Company's First and Refunding Mortgage Bonds, they will be created and issued under the First and Refunding Mortgage dated as of December 1, 1927, from the Company to the Bank of New York, as Trustee (the "Mortgage"), as heretofore supplemented and as to be further supplemented and amended by a supplemental indenture to be executed in connection with their issuance. They will be subject to all of the provisions of the Mortgage, as supplemented, and by virtue of said Mortgage will constitute (together with the Company's outstanding First and Refunding Mortgage Bonds) a first lien on substantially all of the Company's fixed property and franchises.

When any of the Proposed Debt Securities are issued for refunding or refinancings the Company proposes to execute the proposed transactions so that, over time, there will be no material effect on the Company's capitalization with respect to the source of funds.

(ii) Long-Term Bank Borrowing

The Company further seeks permission to make long-term borrowings under its Master Credit Facility (“Long-Term Bank Borrowings”). On November 18, 2011, the Company, along with Duke Energy Corporation and certain of its other wholly-owned subsidiaries, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., entered into a \$6,000,000,000 Five-Year Credit Agreement, dated as of November 18, 2011, with the lenders listed in the agreement, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A. and The Royal Bank of Scotland plc, as Co-Syndication Agents, and Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, Industrial and Commercial Bank of China Limited, New York Branch, JPMorgan Chase Bank, N.A. and UBS Securities LLC, as Co-Documentation Agents. The agreement replaces the Corporation’s previous \$3.14 billion credit facility, which was due to expire in June, 2012. Under the facility, \$4 billion is currently available to the borrowers. The remaining \$2 billion would become available following completion of the proposed merger with Progress Energy, Inc. Upon the effectiveness of such additional borrowing capacity, Progress Energy Carolinas, Inc. and Progress Energy Florida, Inc. would become additional borrowers under the facility. The credit agreement will, among other things, support Duke Energy Corporation’s commercial paper program. The facility contains borrowing sublimits for the borrowers, including the Company, as set forth in the agreement. The Company may currently borrow up to its initial sublimit of \$1,250,000,000 under the facility, and may, at its option, increase the borrowing sublimit

to a maximum of \$1,500,000,000. Under the agreement, any borrowing of more than one year in duration by the Company (or any other borrower other than Duke Energy Corporation) must be specified as a long-term borrowing in the notice of borrowing to the lenders. The Company therefore requests the Commission's approval for borrowings in excess of one year in duration, under the Master Credit Facility or such other similar bank borrowing arrangements the Company may enter into from time to time

(iii) Tax Exempt Bond Obligations

The Company proposes to enter into agreements to borrow proceeds from the sale of tax exempt debt securities issued by one or more governmental authorities ("Tax Exempt Bonds"), to fund construction of qualifying facilities associated with the Company's electric generation plants (and qualifying related expenditures), to reimburse costs previously expended for such purposes, or to refinance previously outstanding Tax Exempt Bonds. The Company's obligation to repay the issuing authority may be direct, through a secured or unsecured loan agreement between it and the authority, or indirect through financing arrangements such as a letter of credit posted by a bank to secure the Company's obligations on the Tax Exempt Bonds. The Company's direct obligation under a loan agreement with the authority may be secured by issuance of a First and Refunding Mortgage Bond or other secured instrument.

(iv) Capital Lease Obligations

The Company proposes to enter into Capital Leases as a means to finance its acquisition of property as part of its construction program or to refinance existing financing structures, all as further described in the Application.

(v) Interest Rate Management Agreements

The Company requests authority to enter into Interest Rate Management Agreements in order to manage its interest rate costs, as further described in the Application.

3. To the extent the Proposed Securities are issued and sold in one or more public offerings subject to registration under the federal securities laws, the Company will sell the Proposed Securities during the effective period of a “shelf” registration statement which Applicant has filed with the Securities and Exchange Commission in connection with the registration of such securities, or any replacement of such existing registration statement. The Company proposes to enter into negotiations with, or request competitive proposals from, investment bankers or other financial institutions to act as agents, dealers, underwriters, or direct purchasers in connection with either the public or private offering of each issuance of Proposed Securities in accordance with the terms thereof. The Company will determine which sales method and financial institution(s) will provide the most favorable terms to the Company for any issuance and sale of the Proposed Securities. Certain types of the Proposed Securities, such as bank borrowings, capital leases and interest rate management agreements, are not typically “sold” in a public or private offering. The method of issuance of such securities, or incurrence of obligations, will be as

described in the “Description of Proposed Securities” portion of the Application.

The Proposed Securities may consist of debt securities subject to remarketing prior to maturity. Consistent with prior orders of the Commission, any remarketing of such securities or resetting of their interest rates prior to the scheduled maturity date would not be deemed to be a re-issuance of such securities by the Company, so as to reduce the amount of securities otherwise permitted to be issued by the Company pursuant to the terms of this Order.

4. We find that the authority requested is to replenish the authority previously granted under the Commission’s Order No. 2010-201 in this docket. We find that the remaining authority granted in that order be terminated, and such remaining amount of securities authorized therein subsumed within the authority granted under this Order.
5. We further find that the Company will pay no fee for services (other than attorneys, accountants, trustees and fees for similar technical services) in connection with the negotiation or consummation of the issuance and sale of any of the Proposed Securities, nor for services in securing underwriters, agents, dealers or purchasers of such securities (other than fees negotiated with such persons.)
6. We find that the proceeds from sales of the Proposed Securities may be used for (a) the purchase or redemption of the Company’s outstanding, higher cost securities, (b) refunding maturing securities, (c) financing the

Company's ongoing construction including the acquisition of nuclear fuel as described in Section 9 of the application, or (d) the Company's general purposes, as allowed. In each case, such proceeds may be used for the repayment of short-term debt incurred for such purposes.

7. We find that the Company has set forth the purposes of the issuance and sale of the Proposed Securities and that the purposes are lawful objects within the limits of the Company's authority and purposes under the applicable laws and regulations, and as set forth in its Limited Liability Company Operating Agreement, as amended, which is on file with this Commission.
8. We find that the issuance and sale of the Proposed Securities will be compatible with the public interest, will be necessary and appropriate for, and consistent with, the proper performance by the Company of its service to the public as a utility, will not impair its ability to perform that service, and will be reasonably necessary and appropriate for such purpose.

CONCLUSIONS OF LAW

Based upon the foregoing Findings of Fact and review and study of the verified Application, the Commission is of the opinion, and so finds, that the Company is a public utility subject to the jurisdiction of this Commission with respect to its rates, service, and securities issues and makes the following conclusions in regard to the issuance and sale of the Proposed Securities, as set forth in the Company's Application.

1. The Commission concludes that the relief sought by Duke Energy Carolinas is consistent with its previous Orders in this Docket.

2. The Commission concludes that the grounds stated in Duke Energy Carolinas' Application are sufficient to support the relief sought by the Company.

3. The Commission concludes that the purposes of the issuance and sale of the Proposed Securities are lawful objects within the corporate purposes of the Company and compatible with the public interest.

4. The Commission concludes that the issuance and sale of the Proposed Securities will be necessary and appropriate for or consistent with the proper performance by the Company of its service to the public and will not impair its ability to perform that service and is reasonably necessary and appropriate for such purposes.

5. When the net proceeds from the sales of securities herein authorized are applied and used by the Company to purchase or redeem certain of the Company's outstanding unmatured securities, such sales will be made from time to time when market conditions will permit the sales on terms which would result in a lower cost of money to the Company. We conclude that consistent with Order No. 2010-201 in this docket the Company shall reflect any premium paid on purchased or redeemed securities in the going forward cost of the newly issued securities. If any of the securities are sold through a noncompetitive methodology such as in a private placement or at a negotiated price, the Company will on the day of pricing or the next business day notify the Commission in writing (initially by fax is acceptable) of the terms and basis of the pricing including comparative current market data of other similar financing transactions.

6. ORS does not oppose the relief sought in the Company's Application.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED THAT:

A. ORS was properly served with the Application in this Docket and does not oppose the relief sought by the Company.

B. Duke Energy Carolinas, LLC is hereby authorized, empowered, and permitted upon the terms and conditions set forth in its Application to issue and sell from time to time a maximum of \$2,000,000,000 aggregate principal amount of the Proposed Securities as described in the Application; and

C. To use the net proceeds of such sales to purchase or redeem higher cost securities, to refund maturing securities, to finance its ongoing construction (including the acquisition of nuclear fuel), and for its general purposes.

D. The terms and conditions proposed for the issuance and sale of securities are reasonable and permitted by law in the manner set forth in the Company's Application.

E. The purposes of the issuance and sale of the Proposed Securities are lawful objects within the limits of the Company's authority and purposes under the applicable laws and regulations.

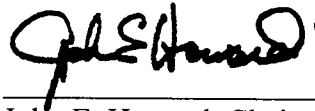
F. The issuance and sale of the Proposed Securities will be necessary and appropriate for, and consistent with, the proper performance by the Company of its service to the public as a utility, will not impair its ability to perform that service, and will be reasonably necessary and appropriate for such purpose.

G. That approval of the Application does not bind the Commission as to the ratemaking treatment of this issuance.

H. That this Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

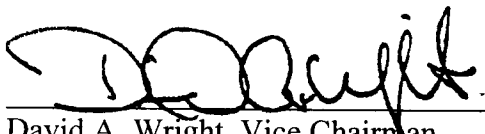
I. This Order shall become effective upon the signature of the Chairman and counter signature of the Vice Chairman and shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)